

**BUREAU OF SURFACE AND  
MINERAL RESOURCES**

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March 28, 2006

Potential Lender and IDL Lessee

Re: Lender Financing and IDL Cottage Site Leases

Dear Potential Lender and Lessee:

This letter is intended to address lender concerns (including lease lengths and renewals) related to the financing of improvements on IDL Cottage Sites.

In 1990, the Idaho Legislature responded to IDL Cottage Site Lessee concerns related to maintaining an interest in specific leased parcels by passing Chapter 58-310A. The law established that IDL Cottage Site leases will not be subject to conflict or auction.

Lenders involved with financing the improvements on IDL Cottage Sites should note the following:

- The Land Board has established that IDL Cottage Site leases should maintain the same 10-year cycle (currently January 1, 2001 through December 31, 2010), such that the lease terms can be efficiently and globally negotiated during the renewal period.
- Lessees maintaining the terms of the current IDL Cottage Site lease document will be able to renew their IDL Cottage Site leases, without conflict, in 10 year increments.
- Lessees assigned leases during the middle of a 10 year cycle and maintaining the terms of the current IDL Cottage Site lease document during the remaining years of the 10 year cycle, will also be able to renew their IDL Cottage Site leases, without conflict, in 10 year increments, thereafter.
- IDL will not provide further assurance, written or implied, related to the financial security of an IDL Cottage Site Lessee or their improvements.

If you have questions, please contact me at (208) 334-0290.

A handwritten signature in black ink that reads "Michael J. Murphy".

Michael J. Murphy  
Program Manager  
Navigable Waters and Cottage Site Leasing  
Bureau of Surface and Mineral Resources